

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

February 8, 2006

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 8, 2006 beginning at 9:15 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

George B. Beardsley, President
Thomas A. Gougeon, Vice President
Penfield Tate, Vice President

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager
P. L. Wells, General Counsel
D. B. LaFrance, Director of Finance
E. E. Pokorney, Director of Planning
M. L. Bassett, Director of Public Affairs
B. Good, Director of Operations and Maintenance
J. L. Diebel, Director of Engineering
C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Manager of Human Resources
A. T. Spaulding, Manager of Purchasing
L. Firth, Manager of Community Relations
T. L. McGuire-Collier, Manager of Media Relations
M. L. Walker, Attorney
J. E. Crockett, Manager of Risk & Benefit
D. Wyman, Engineering Specialist
S. Miller, Manager of Health Care Administration
Cindi Crouse, Occupational Health Nurse
Vicki Haseman, Occupational Health Nurse
Mary Duell, Occupational Health Nurse
Sue Baker, Occupational Health Nurse
Sandra Corrier, Health Care Services
Kerry Kuyendoll, Rates Administration

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M.D. Waage, Water Resource Engineer
Steve Price, Engineer
Hugh Macaulay, M.D.
Dave Romero, Denver Parks and Recreation
Walt Pettit, Distributor's Liaison Representative, Wheat Ridge Water and Sanitation District
Deb Pilon, Willows Water District
Pat Fitzgerald, Platte Canyon Water and Sanitation District and Southwest Metropolitan Water and Sanitation District
Kim Calamino, Home Builders Assn. of Metro Denver Water
James Legas, CAC
Eric Gopsill, Garney Construction

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Maes and Sherman were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of January 11, 2006 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of January 11, 2006, and January 25, 2006 were approved.

Commissioner Beardsley invited comments from the public regarding matters that were not on the Board's agenda for the meeting. There was no response.

Ceremony

Commissioner Beardsley recognized Dr. Macaulay who commented briefly regarding the efforts of the organization known as Professionals in Workers Compensation. Dr. Macaulay explained the organization provides an educational

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forum for all professionals and entities dealing with workers compensation issues.

On a yearly basis the organization recognizes individuals and organizations who exemplify excellence in their particular area. Dr. Macaulay then presented the Board with the 2004 Outstanding Employer Award. Dr. Macaulay explained that Denver Water's efforts to assist workers injured on the job and to prevent on the job injuries was a key factor in the selection of Denver Water for the annual award, and that the work performed by Denver Water's clinical staff was important. Sandra Miller then introduced the clinic staff: Mary Duell, Sue Baker, Sandra Corrier, Vicki Haseman and Cindy Crouse.

Commissioner Beardsley thanked Dr. Macaulay for the award and emphasized the importance of a job safety program both to the employer and the employee.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. ITEM V-C-1: RECOMMENDED ADJUSTMENTS IN SYSTEM DEVELOPMENT CHARGES FOR 2006.

Adopted Rates Schedule Number 6, System Development Charges, for licenses for taps within the City and County of Denver and within the Denver Water service area effective April 10, 2006, a copy of which is attached to and in these Minutes as Exhibit "A".

Mr. LaFrance provided the Commissioners and the public with a copy of his presentation and a copy is attached to and incorporated in these Minutes as Exhibit "B". Mr. LaFrance explained the basis for a system development charge. As a result of an annual analysis, Denver Water staff proposed the SDC for an acre foot of treated water be increased by 8 percent. Because the SCD is administered by class of customer, the treated water SCDs for various classes have different percentage increases. Mr. LaFrance explained the single family residential SDC design includes both a base fee and a fee based upon lot size; multi-family includes a duplex fee plus an additional fee per dwelling unit; and all other SDCs are assessed based on tap size.

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Kim Calamino, representative of the Home Builders Association of Metropolitan Denver, complimented the rates staff for working with the home builders and reported the Association did not object to the proposed increase. In response to questions from the Commissioners regarding notification of other interested parties, Ms. Bassett explained that Denver Water maintains an extensive mailing list of persons and organizations and the proposed changes had been provided to persons on that mailing list.

Mr. LaFrance reported that Staff has been assessing the volumetric SDC for taps 3 inches and above, and it anticipates reporting the results of that study to the Board in the summer of 2006.

2. ITEM V-D-1: RENTAL OF EQUIPMENT TO REPAIR THE RALSTON RESERVOIR PRIMARY SPILLWAY

Authorized award of a contract to Wagner Equipment Company to furnish equipment necessary for the repair of the Ralston Reservoir primary spillway at the monthly rentals set forth in the Tabulation of Contract No. 10118A a copy of which is attached to and incorporated in these Minutes as Exhibit "C", for a total contract amount not to exceed \$268,310.00.

Mr. Diebel provided the Commissioners with copies of photographs and plan drawings showing both the area which had experienced the soil failures and the area of the spillway which needs to be repaired. Copies of the photographs are attached to and incorporated in these Minutes as Exhibit "D".

Mr. Diebel explained the equipment will be used by Denver Water employees to place approximately 55,000 cubic yards of rock necessary to stabilize the slide area. The work will be done in three phases: rock blasting, which has been completed by Yenter Construction at a cost of nearly \$77,000.00; placement of rock; and concrete repair. The needed concrete repairs will be bid and all work is planned to be completed by June 1, 2006.

In response to questions from the Commissioners, Mr. Good explained that employees in the Source of Supply Section familiar with rock placement will be used to repair the area. If the entire project were performed by an outside company, the estimated cost of the project would exceed \$900,000.00.

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3. ITEM V-D-2: CANCELLATION OF CONTRACT AND AWARD OF NEW CONTRACT TO SUPPLY SODIUM SILICOFLUORIDE

Terminated the November 19, 2004 contract with LCI, Inc. to supply Denver Water's requirements of sodium silicoflouride and authorized award of a contract to KC Industries, LLC to furnish Denver Water's requirements for the contract period February 1, 2006 through December 31, 2006 for a total contract amount not to exceed \$173,000.00.

Mr. Good explained that LCI, Inc. was a distributor of sodium silicoflouride under contract with the manufacturer, KC Industries, LLC. KC Industries elected not to extend the contract with LCI, and now distributes the materials directly. Denver Water uses sodium silicoflouride at the Moffat and Foothills Water Treatment Plants. A liquid form of the product is used at the Marston Treatment Plant.

4. ITEM V-D-3: EXTENSION OF PROPERTY INSURANCE POLICY

Approved extension of the current insurance coverage with FM Gobal Insurance Company to provide property coverage for the West Side Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, the Recycling Plant and other specified locations from January 1, 2006 to March 1, 2006 at a cost of \$51,571.00.

5. ITEM V-D-4: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS

Ratified construction change orders and amendments to agreements authorized by the Manager in December 2005 and January 2006 as follows:

Change Order No. 1 to the contract with the Genessee Builders, Inc. to provide site drainage improvements at Ashland Reservoir;

Change Order No. 1 to the contract with Glacier Construction Company, Inc. for replacement of the Foothills Treatment Plant flocculation equipment;

Amendment to the December 14, 2005 contract with CAT Construction, Inc. for purchase of processed media sand;

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Amendment to the January 11, 2006 contract with National Meter and Automation, Inc. for the purchase of specified registers and ERTs; and

Amendment to the January 1, 2006 contract with Cintas Corporation for the rental and cleaning of floor mats, towels, mop heads, uniforms and lab coats, all is more particularly described in Agenda Item V-D-4 dated February 8, 2006 a copy of which is attached to and incorporated in these Minutes as Exhibit "E".

6. ITEM V-D-5: 12-INCH WATER DISTRIBUTION MAIN UPGRADE-COLORADO DEPARTMENT OF TRANSPORTATION/TREX PROJECT CROSSING I-25 IN UNIVERSITY BOULEVARD

Authorized an Agreement with the Colorado Department of Transportation (CDOT) to relocate and replace a twelve inch water distribution line presently installed under I-25 at Gaylord Street (extended) to be relocated in South University Blvd. at a cost to the Board not to exceed \$102,062.50, pursuant to the terms of a Public Owner Work Order/Change Order Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "F".

Mr. Wyman used an aerial photograph to acquaint the Commissioners with the current location of the distribution line and its proposed new location. Mr. Wyman explained the line was installed in 1911, and due to its age and joint configuration it should be replaced. CDOT has agreed to pay one-half the cost of the relocation and replacement, and will perform all construction management services. The work will be performed by Covarrubias Construction Services. The Southeast Corridor Constructors will be responsible for all coordination and contract amendments.

7. ITEM V-D-6: COOPERATIVE AGREEMENT WITH THE CITY AND COUNTY OF DENVER FOR THE MODIFICATION OF CONDUIT NO. 3 IN FEDERAL BOULEVARD AT SANDERSON GULCH

Approved a cooperative Agreement with the City and County of Denver, acting by and through its Department of Public Works and Department of General Services, necessary for allocation and reimbursement of costs for the modification of Conduit No. 3 at the Sanderson Gulch crossing, which is on South Federal Blvd. between Jewell Ave. and Louisiana Ave., all as more particularly described in the Agreement a copy of which is attached to and incorporated in these Minutes as Exhibit "G".

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**8. ITEM V-D-7: PARTIAL GUARANTEED MAXIMUM PRICE
AMENDMENT NO. 1 FOR THE CONSTRUCTION OF CAPITOL HILL
RECYCLED WATER STORAGE TANK WITH GARNEY CONSTRUCTION**

Authorized partial GMP Amendment Number 2 to the contract with Garney Construction for CM/GC Services for the construction of the Capitol Hill Recycled Water Storage Tank in the amount of \$4,546,208.00, all as provided in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "H".

Mr. Price provided an update to the Commissioners regarding the status of the project, the work to be performed in Amendment 2 and other related projects. Mr. Price provided copies of his presentation to the Commissioners and the public and a copy is attached to and incorporated in these Minutes as Exhibit "I".

9. ITEM V-D-8: AGREEMENTS FOR DESIGN OF MILLER RESERVOIR

At the request of Staff, consideration of this matter was postponed, to be considered prior to the study session scheduled for February 22, 2006.

**10. ITEM V-D-9: RISK MANAGEMENT/INSURANCE PROGRAM FOR
2006**

Approved continuation of the self-insurance program for liability exposure for 2006; accepted the renewal proposal from Liberty Mutual Insurance Company to provide Workers Compensation coverage for 2006 for an estimated advanced premium of \$2,006,273.00; and accepted the proposal of Liberty Mutual Insurance Company to provide property coverage for catastrophic losses at the West Side Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, and the Recycling Plant for a coverage of \$432 million with \$100,000.00 deductible and an annual premium of \$298,596.00, the rates to be guaranteed for a two year period. The property coverage program also includes coverage for losses at specified locations up to \$2 million.

During discussion of the matter, Commissioner Beardsley suggested postponement of consideration of the recommendations in order to provide an opportunity to better understand Denver Water's exposure under the self-insured program. Commissioner Tate and members of the Staff discussed the statutory liability

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under the Governmental Immunity Act of \$150,000.00 per person and \$600,000.00 per occurrence, and the annual premium which would be required if the coverage were obtained from an insurance carrier.

11. ITEM V-E-1: HUMAN RESOURCE CHANGES

Approved the human resource changes set forth in Agenda Item V-E-1 dated February 8, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "J," effective the pay period ending **January 27, 2006**, unless otherwise noted.

12. ITEM-V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS

The following employee was classified as a regular employee of the Board, with all rights and privileges thereof, effective February 1, 2006, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date Unless otherwise noted^	Division/Section
Stephanie Ponce	7/26/2005	7/26/2005	Water Quality #230

13. ITEM-V-E-2: PROJECT EMPLOYEE CONTRACT

The following Project Employee Contract was approved:

Employee Name, Title, Salary, Std Hrs.	Term of Contract	Annual Salary	Division/Section
Michael Hornbeck IT Support Technician II \$22.30/hr – IT-03, Step 3 Full Time Status 40 standard hours.	1 year	\$46,392.00	Information Technology #160

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14. ITEM VI-B-1 DISCUSSION AND INFORMATION: DISPOSAL OF USED VEHICLES AND EQUIPMENT

The Board received a report detailing the used vehicles and other miscellaneous material disposed of in 2005, which report is attached to and incorporated in these Minutes as Exhibit "K".

15. ITEM VI-C-1: DISCUSSION AND INFORMATION: SNOWPACK AND PROJECTIONS

Mr. Waage provided the Commissioners and members of the public with copies of the following graphs: Total water content of South Platte River Watershed; Total water content of Colorado River Watershed; and a Projection of Total reservoir storage as of July 1, 2006 based upon wet, normal and dry weather conditions, copies of which are attached to and incorporated in these Minutes as Exhibit "L". Mr. Waage noted that 1998 was the last time the February 1 snow pack in the South Platte watershed was above average. The snow courses above Antero Reservoir are still below normal and Antero Reservoir may not fill in 2006. Mr. Waage explained the current forecast is for all reservoirs with the exception of Antero which is expected to be full in July.

16. ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK

The Commissioners reviewed the report, "Status of Contract Work", as set forth in Agenda Item VI-F-1, dated February 8, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "M".

17. ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO

The Commissioners received the report, "Denver Water Investment Portfolio as of January 31, 2006" as set forth in Agenda Item VI-F-2 dated February 8, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "N"

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18. ITEM VI-F-4: DISCUSSION AND INFORMATION: 2006 BUDGET STATUS REPORT

The Commissioners received the 2006 Budget Status Summary for the period ending January 31, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

19. ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS

The Board confirmed that it will meet in Study Session to take place on **Wednesday, February 22, 2006**, at **9:15 a.m.** in the Three Stone Buildings, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed include the Spring Communication Plan, a report on the Retirement Program governance and asset liability modeling, the CIS project and physical-cyber security. The Board may adjourn the Study Session to meet in Executive Session.

The Board confirmed that a regular meeting will be held on **Wednesday, March 8, 2006**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

There being nothing further for the Board to consider the Board voted unanimously to adjourn into Executive Session at approximately 10:50 a.m.

EXECUTIVE SESSION

On Wednesday, February 8, 2006, commencing approximately at 10:55 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Litigation Update §24-6-402(4)(b)
2. Property Report §24-6-402(4)(a)
3. Power Purchase and Sale Contract Negotiation §24-6-402(4)(e)
4. Negotiations regarding contract for Customer Information System §24-6-402(4)(c)

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There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:15 p.m.

Secretary

President